

## Message Text

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PAGE 01 EC BRU 01767 01 OF 02 251250Z

51

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 INRE-00 SSO-00 NSCE-00

USIE-00 SS-20 NSC-07 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 OIC-04 L-03

H-03 PA-04 PRS-01 DRC-01 /171 W

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O R 251150Z MAR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6613

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

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LIMITED OFFICIAL USE SECTION 01 OF 02 EC BRUSSELS 1767

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, OCON, EEC

SUBJECT: EC COUNCIL OF MINISTERS (AGRICULTURAL) MARCH 21-23

MEETING--1974-75 CAP PRICES

REF: A. EC BRUSSELS 0302 B. EC BRUSSELS 0615

1. SUMMARY. ON MARCH 23, THE EC COUNCIL OF MINISTERS

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PAGE 02 EC BRU 01767 01 OF 02 251250Z

(AGRICULTURLA) REACHED AGREEMENT ON THE 1974/75 CAP PRICES.

THE AGREEMENT, OFFICIALLY TERMED "A COMPROMISE", PREVENTED A MAJOR COMMUNITY CRISIS. UNANIMITY WAS ACHIEVED ONLY AT THE COST OF FURTHER DILUTING THE PRINCIPLES OF THE CAP. PRICES WERE RAISED BY A HIGHER PERCENTAGE THAN EVER BEFORE (ON AVERAGE BY ALMOST 9 PERCENT), BUT AT THE SAME TIME MAJOR EXCEPTIONS FROM THE COMMON RULES WERE GRANTED TO VARIOUS MEMBER STATES AND, IN PARTICULAR, TO THE UK. THE COUNCIL ALSO ADOPTED, IN PRINCIPLE, A CAP FOR SOYBEANS. END SUMMARY.

2. ON MARCH 23, THE EC COUNCIL OF MINISTERS (AGRICULTURAL) REACHED A COMPROMISE AGREEMENT ON THE 1974/75 CAP SUPPORT PRICES. THE COUNCIL MEETING, WHICH STARTED ON MARCH 21, TOOK PLACE IN A FRIENDLY ATMOSPHERE. HOWEVER, THROUGHOUT THE MEETING, WHICH CONSISTED LARGELY OF HIGHLY RESTRICTED SESSIONS AND WAS INTERSPERSED BY MANY BILATERAL CONSULTATIONS, THERE WAS APPREHENSION THAT THE CONFLICTING DEMANDS OF THE VARIOUS MEMBER STATES, PARTICULARLY THE UK, WOULD MAKE AGREEMENT IMPOSSIBLE. FEAR FOR THE CONTINUED EXISTENCE OF THE EC AND OF VIOLENT REACTIONS FROM FARM ORGANIZATIONS IN CASE OF FAILURE TO AGREE WERE THE MAJOR FACTORS LEADING TO THE COMPROMISE. THE COMPROMISE WAS FACILITATED BY THE FACT THAT EC MARKET PRICES ARE IN MANY CASES FAR ABOVE THE CAP SUPPORT PRICES SO THAT EVEN A LARGE INCREASE IN THE LATTER MAY HAVE NO IMMEDIATE EFFECT ON MARKET PRICES. HOWEVER, WHERE THIS IS NOT THE CASE, AS IN THE LIVESTOCK SECTOR, FAR-REACHING CONCESSIONS HAD TO BE MADE PARTICULARLY TO THE UK BUT ALSO TO OTHER MEMBER STATES. THESE CONCESSIONS REPRESENT FUNDAMENTAL DEPARTURES FROM THE CAP RULES.

3. THE MAJOR PRICE DECISIONS ARE AS FOLLOWS, AS COMPARED WITH THE 1973/74 CAP PRICES:

1974/74 1973/74  
....U.A./MT.....

#### DURUM

TARGET PRICE	182.83	133.93
SINGLE INTERVENTION PRICE	166.83	118.10
MINIMUM GUARANTEED PRICE	196.83	155.33

#### SOFT WHEAT

TARGET PRICE	121.84	114.94
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PAGE 03 EC BRU 01767 01 OF 02 251250Z

BASIC INTERVENTION PRICE	110.03	105.80
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#### BARLEY

TARGET PRICE	110.55	105.29
SINGLE INTERVENTION PRICE	96.60	96.66

#### RYE

TARGET PRICE	119.04	112.30
SINGLE INTERVENTION PRICE	101.84	97.92

#### CORN

TARGET PRICE	109.45	102.77
SINGLE INTERVENTION PRICE	89.46	84.08
RICE		
TARGET PRICE(BROWN)	226.00	213.25
INTERVENTION PRICE (PADDY)	136.55	131.30
CATTLE		
ORIENTATION PRICE	965.00	862.00
CALVES		
ORIENTATION PRICE	1,130.00	1,037.50
PORK		
BASE PRICE	930.00	860.00
MILK		
TARGET PRICE	134.10	124.20
BUTTER		
INTERVENTION PRICE ("6")	1,760.00	1,760.00
INTERVENTION PRICE (DENMARK)	1,724.00	1,715.00
INTERVENTION PRICE (IRELAND)	1,634.00	1,602.50
INTERVENTION PRICE (UK)	1,048.90	879.60
SKIM MILK POWDER		
INTERVENTION PRICE ("7")	79.00	660.00
INTERVENTION PRICE (BENELUX, GERMANY)	770.00	640.00
SUGAR (WHITE)		
TARGET PRICE	265.50	248.00
INTERVENTION PRICE	252.20	235.70
RAPESEED		
TARGET PRICE	219.00	210.60
INTERVENTION PRICE	212.00	204.50
SUNFLOWERSEED		
TARGET PRICE	225.40	212.60
INTERVENTION PRICE	218.90	206.50

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PAGE 01 EC BRU 01767 02 OF 02 251302Z

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LIMITED OFFICIAL USE SECTION 02 OF 02 EC BRUSSELS 1767

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4. FOR OLIVE OIL, THE SUPPORT PRICES REMAIN AT THE SAME LEVEL AS DURING THE CURRENT YEAR. THE INTERVENTION PRICES FOR FRUITS AND VEGETABLES WERE RAISED BY 4-10 PERCENT; THOSE FOR TOBACCO BY 5-9 PERCENT.

5. THE CAP PRICES FIXED FOR THE 1974/75 CROP YEAR DO NOT NECESSARILY APPLY TO THE UK AND THE OTHER NEW MEMBER STATES. UNLESS OTHERWISE STATED, THE PRICES LISTED IN PARAGRAPH 3 ARE LIMITED OFFICIAL USE

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PAGE 02 EC BRU 01767 02 OF 02 251302Z

THE COMMON PRICES TO WHICH THE NEW MEMBER STATES HAVE TO ADJUST DURING THE TRANSITION PERIOD. HOWEVER, SPECIAL EXCEPTIONS FROM THE GENERAL RULES ARE FORESEEN. THESE EXCEPTIONS ARE INTENDED TO KEEP CERTAIN CONSUMER PRICES (AND ALSO PRODUCER PRICES) IN THE UK AT A LOWER LEVEL THAN WOULD BE THE CASE IF THE UK FOLLOWED THE CAP RULES. THE EXCEPTIONS GRANTED TO THE UK ALSO NECESSITATED EXCEPTIONS TO CERTAIN OTHER MEMBER STATES IN ORDER QUOTE NOT TO DISTORT CONDITIONS OF COMPETITION UNQUOTE IN THE COMMUNITY. MOREOVER, ADDITIONAL EXCEPTIONS FROM THE COMMON RULES HAD ALSO TO BE GRANTED TO CERTAIN OTHER MEMBER STATES.

6. THE UK WILL BE ALLOWED NOT TO MAKE THE FULL ANNUAL ADJUSTMENT TOWARDS THE COMMON ORIENTATION PRICES FOR CATTLE AND CALVES. IN THE UK THESE ORIENTATION PRICES WILL AMOUNT TO 745 7.A.

AND 900 U.A. PER METRIC TON. ALSO, THE UK WILL BE EXEMPTED FROM PERMANENT INTERVENTION MEASURES FOR BEEF AND VEAL

APPLICABLE IN THE OTHER MEMBER STATES. MOREOVER, THE UK MAY TEMPORARILY GIVE DIRECT SUBSIDIES TO CALF AND PIG PRODUCERS AND GRANT LARGER CONSUMER SUBSIDIES FOR BUTTER THAN THE OTHER MEMBER STATES. THE UK MAY ALSO MAKE VARIOUS PRICE ADJUSTMENTS IN THE SUGAR SECTOR TO KEEP PRICES AT A LOWER LEVEL THAN WOULD BE THE CASE OTHERWISE.

7. IRELAND MAY TEMPORARILY GIVE SUBSIDIES (FINANCED BY FEOGA) TO ITS PIG PRODUCERS, DENMARK RECEIVED SPECIAL PERMISSION TO DEVIATE FROM THE COMMON INTERVENTION MEASURES IN THE PORK SECTOR, AND GERMANY MAY IN CERTAIN CASES NOT APPLY THE COMMON INTERVENTION MEASURES IN THE BEEF AND VEAL SECTOR. IT IS NOTEWORTHY THAT THESE EXCEPTIONAL MEASURES WERE NOT DIRECTLY APPROVED BY THE COUNCIL. THE COUNCIL MERELY QUOTE TOOK NOTE UNQUOTE OF THEM, I.E., IT DID NOT OBJCET TO THEM.

8. THE COUNCIL DECIDED TO ADOPT THE PRINCIPLE OF A CAP FOR SOYBEANS ALONG THE LINES OF THE COMMISSION PROPOSAL REPORTED IN THE REFTEL. IT ALSO APPROVED A CAP REGULATION FOR DRIED FODDER (E.G., ALFALFA) INCLUDING A DIRECT SUBSIDY OF 6 U.A. PER MT. (SEE REF B)

9. MANY OF THE COUNCIL DECISIONS WILL REQUIRE FURTHER LIMITED OFFICIAL USE

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PAGE 03 EC BRU 01767 02 OF 02 251302Z

DISCUSSIONS AMONG THE MEMBER STATES PRIOR TO THEIR IMPLEMENTATION.

10. THE FULL TEXT OF THE COUNCIL DECISIONS WILL BE FORWARDED BY AIRGRAM.

11. THE NEXT MEETING OF THE COUNCIL OF AGRICULTURE SCHEDULED FOR APRIL 29-30. GREENWALD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SOYBEANS, AGRICULTURAL POLICIES, AGRICULTURAL PRICES, GRAINS, PRICE TRENDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Errors:** N/A  
**Film Number:** D740063-0670  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Action:** RELEASED, APPROVED  
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**Review Date:** 01 APR 2002  
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30 JUN 2005

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**TAGS:** EAGR, OCON, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005